

Economics Test  
Leavins  
Test #3

1. Which of the following is NOT one of the three major economic systems?
  - a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
2. Which major economic system relies on ritual, habit and custom to set the ways in which goods/services are produced and distributed?
  - a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
3. Which major economic system relies on an overarching authority to decide the major economic questions as to which products are produced, how they are produced, and for whom are they produced?
  - a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
4. Doing things the way one's father and his father and his father did things, in terms of producing goods/services is a quality of what type of system?
  - a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
5. In which type of economy is the state dominant, in terms of determining basic economic questions?
  - a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
6. Which of the following societies is/was a command economy?
  - a. Soviet Union
  - b. The Communist Bloc in Eastern Europe in the 1970s and 1980s
  - c. The Inuit of Canada
  - d. The Mbuti of Africa
  - e. Both A and B
  - f. Both C and D

7. Which type of economy can be fairly effective at ensuring that each member of that society has a minimal guaranteed modern livelihood?
  - a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
8. Which of the following was/is a traditional economy?
  - a. The People's Republic of China
  - b. Post-1975 Vietnam
  - c. The Inuit of Canada
  - d. The Mbuti of Africa
  - e. Both A and B
  - f. Both C and D
9. Which type of economy does not utilize freedom-based human creativity very well?
  - a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
  - e. Both A and D
  - f. Both B and C
  - g. All of these
10. Command economies can be effective at conducting special projects like space programs, widespread health services, and literacy programs.
  - a. True
  - b. False
11. Command economies can be oppressive and stifling, and over the long haul, prone to failure.
  - a. True
  - b. False
12. Traditional economies are ruthless in that most members of that society are left without a role to play
  - a. True
  - b. False

13. In which type of economy are goods and services produced, exchanged, and consumed via the free interactions between buyers and sellers?
- a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
14. Private property rights, free exchange of goods and services, and the profit motive are key elements of what type of economic system?
- a. Traditional Economy
  - b. Egalitarian Economy
  - c. Market Economy
  - d. Command Economy
  - e. Both A and C
  - f. Both B and D
15. In a market economy, the state (i.e. a strong central authority) makes the key economic decisions about what, how, and for whom to produce products.
- a. True
  - b. False
16. In a market economy, property rights are for individuals only, not for firms.
- a. True
  - b. False
17. For property rights to be genuine, which of the following must be present?
- a. The right to possess property
  - b. The right to retain property
  - c. The right to give away property
  - d. The right to sell property
  - e. All of the above
18. In a market economy, firms and individuals decide what?
- a. What to produce
  - b. How to produce
  - c. For whom to produce
  - d. All of the above
19. A one hundred percent pure market economy is commonplace, and the economy of the United States of America is a great example of one.
- a. True
  - b. False

20. The economy of the United States of America is best described as what?
- a. A 100% Traditional Economy
  - b. A 100% Market Economy
  - c. A 100% Egalitarian Economy
  - d. A 100% Command Economy
  - e. Tradition-oriented Economy
  - f. Market-oriented Economy
  - g. Egalitarian-oriented Economy
  - h. Command-oriented Economy
21. The Social Security system, Medicare, Baldwin County High School, Interstate 10, Auburn University, the University of Alabama, and NASA are examples of what?
- a. Private Enterprise Capitalism
  - b. Marxist Socialism
  - c. Government Services
  - d. Traditional Values
  - e. Multi-level Marketing
22. Individuals and non-government firms make up the what?
- a. The public sector
  - b. The private sector
  - c. The international sector
  - d. The environmental sector
23. The Social Security system, Medicare, Baldwin County High School, Interstate 10, Auburn University, the University of Alabama, and NASA are members of what?
- a. The public sector
  - b. The private sector
  - c. The international sector
  - d. The environmental sector
24. Apple computers, Microsoft, Acme Oyster Bar, Nike, General Motors, Walmart, and the National Football League are members of what?
- a. The public sector
  - b. The private sector
  - c. The international sector
  - d. The environmental sector
25. Subsidy, regulation, and prohibition are tools for what?
- a. Free market capitalism
  - b. Traditional values in a traditional society in the United States
  - c. Government intervention in a market economy
  - d. Socialists dictators in a 100% command economy

26. What is a subsidy?
- a. The freedom for an individual to succeed, along with the freedom to fail
  - b. Government financial assistance to an individual or firm
  - c. Government forbidding of an action or a thing
  - d. Government steering of an action or thing, short of banning it
27. What is regulation?
- a. The freedom for an individual to succeed, along with the freedom to fail
  - b. Government financial assistance to an individual or firm
  - c. Government forbidding of an action or thing
  - d. Government steering of an action or thing, short of banning it
28. What is prohibition?
- a. The freedom for an individual to succeed, along with the freedom to fail
  - b. Government financial assistance to an individual or firm
  - c. Government forbidding of an action or thing
  - d. Government steering of an action or thing, short of banning it
29. In the modern United States, private ownership of nuclear bombs, slavery, dog fighting, child labor in coal mines, and king cobra petting zoos are examples of activities that are under what?
- a. Subsidy
  - b. Regulation
  - c. Prohibition
30. Student loans, Medicare, and farm supports for American farmers are examples of what?
- a. Subsidy
  - b. Regulation
  - c. Prohibition
31. The minimum wage, the 21 years old drinking age, inspections of food processing plants, and airline safety rules are examples of what?
- a. Subsidy
  - b. Regulation
  - c. Prohibition
32. The United States, Mexico, Canada, France, Great Britain, Germany, Japan, and South Korea are examples of nations with what?
- a. Empires
  - b. Command economies
  - c. Market economies
  - d. Traditional economies
  - e. Egalitarian economies

33. What is an advantage of a market economy?
- a. Wide variety of goods and services
  - b. Innovative goods and services
  - c. Individuals can achieve their potential, in some cases
  - d. Widespread prosperity
  - e. All of the above
34. A market-oriented economic system is also known as what?
- a. Socialism
  - b. Communism
  - c. Feudalism
  - d. Capitalism
35. Market economies are prone to having periods of prosperity followed by periods of decline (recession or depression).
- a. True
  - b. False
36. Which of the following is a disadvantage of a market economy?
- a. Some people are likely to experience unemployment or pay cuts
  - b. Some businesses fail and go out of businesses
  - c. In some market economies, there can be a great disparity of wealth between the haves and have-nots
  - d. Economic decline and inequality can lead to social instability
  - e. All of the above
37. The right of a firm and/or individual to pursue material gain is known as what?
- a. Socialism
  - b. Communism
  - c. Distributivism
  - d. Profit Motive
  - e. Prophecy
  - f. Both A and B